

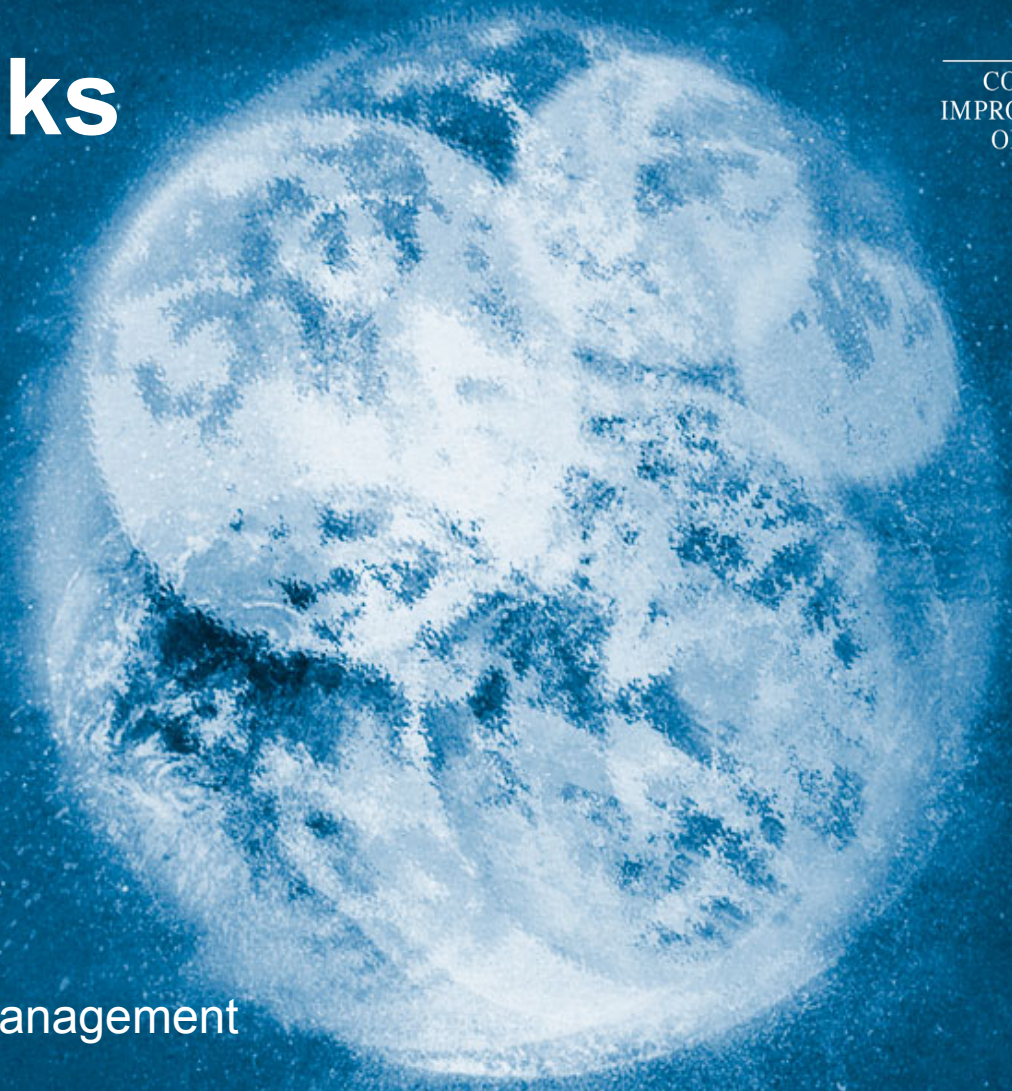
# Sleepwalking Into Catastrophe? The Global Risks Report 2019

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Luxembourg Association for Risk Management  
18 June 2019



# The Global Risks Report 2019

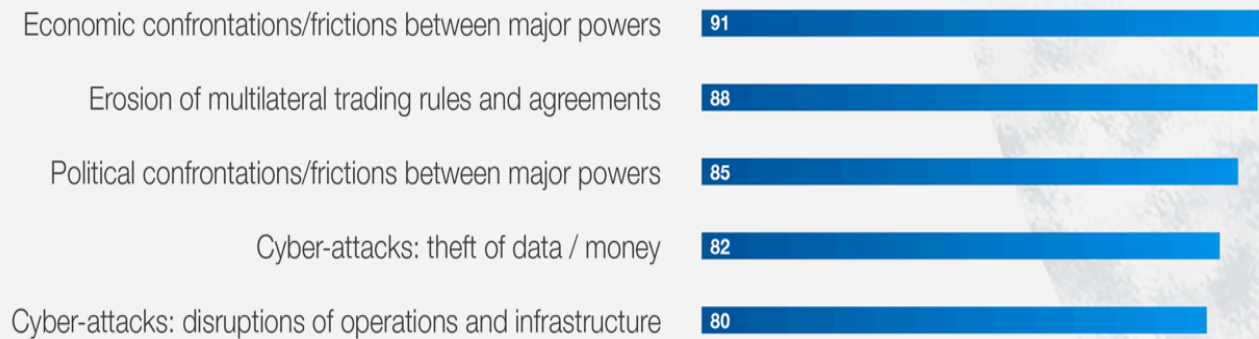


- This is the 14th edition of the report, which is produced in partnership with Marsh & McLennan Companies and Zurich Insurance Group
- This year the Global Risks Report warns that the world may be **sleepwalking into crisis**, as we allow capacities for international collaboration to erode



# Short-Term Risk Outlook

Percentage of respondents expecting risks to increase in 2019



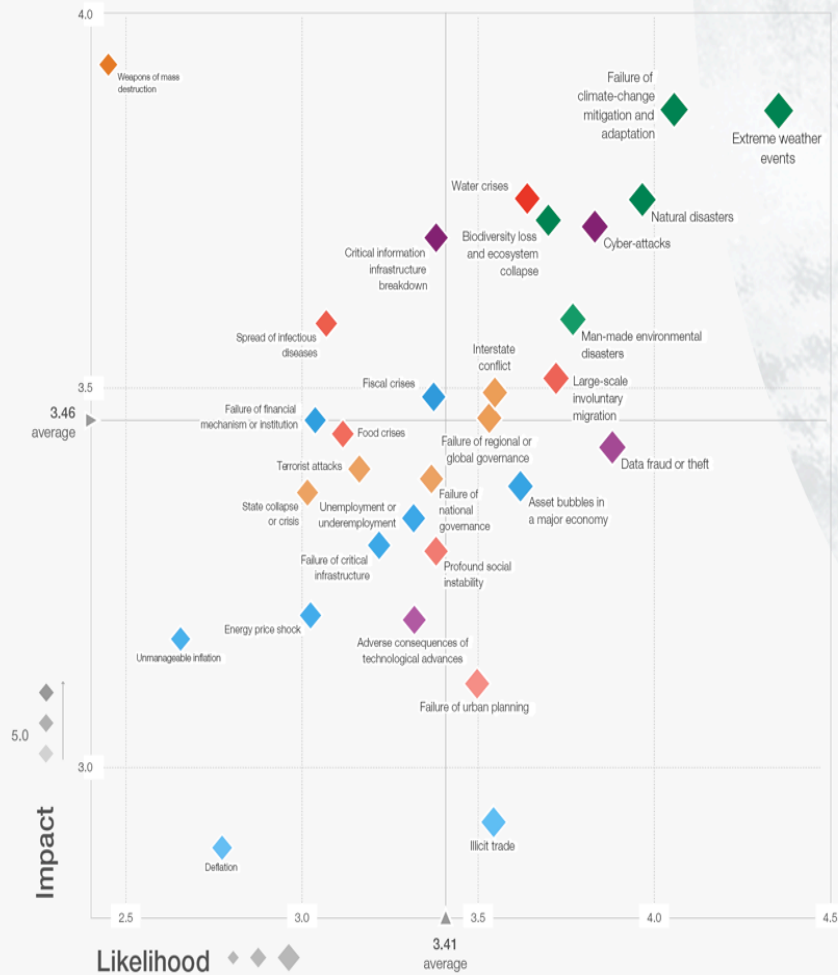
Source: World Economic Forum Global Risks Perception Survey 2018-2019

# Risk Likelihood and Impact Over a 10-Year Horizon

Global Risks Landscape

Categories

- ◆ Economic
- ◆ Environmental
- ◆ Geopolitical
- ◆ Societal
- ◆ Technological

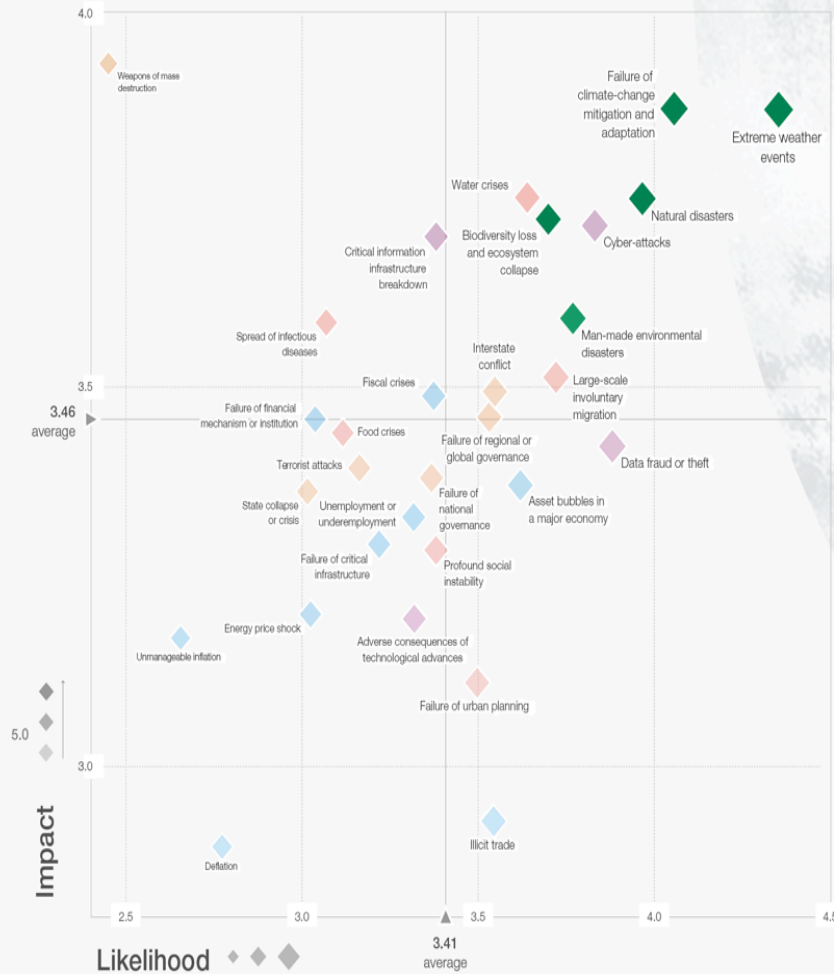


# Risk Likelihood and Impact Over a 10-Year Horizon

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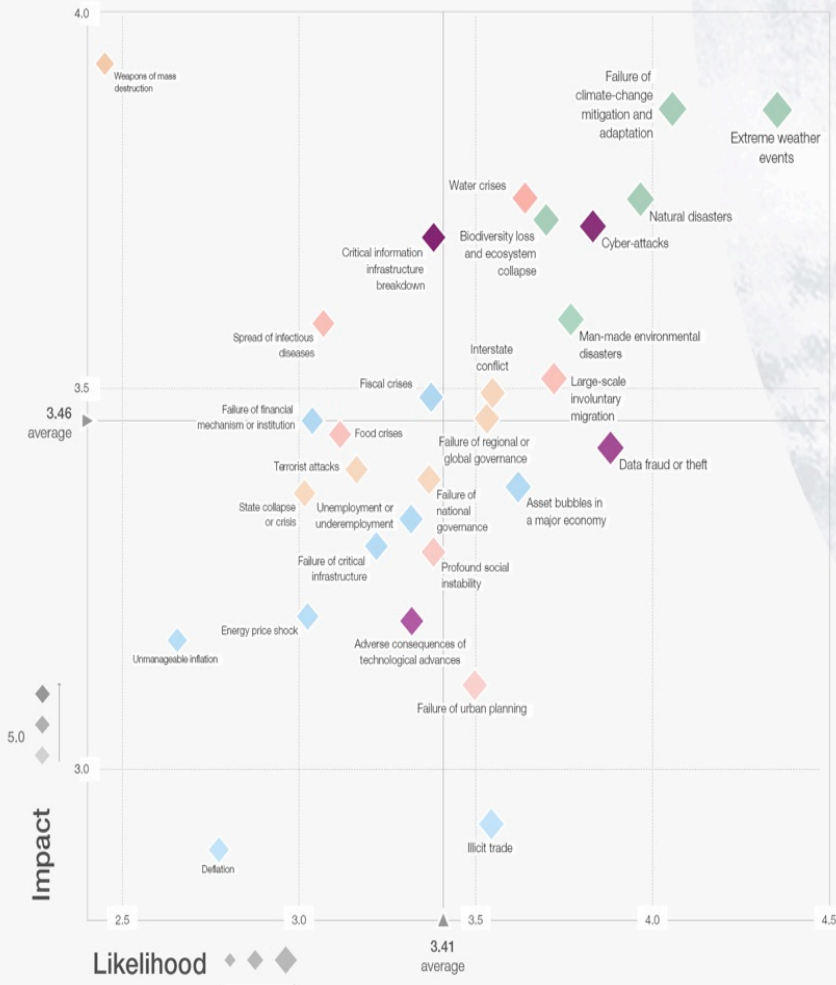
For the third year running, environmental risks dominate the 10-year outlook

# Risk Likelihood and Impact Over a 10-Year Horizon

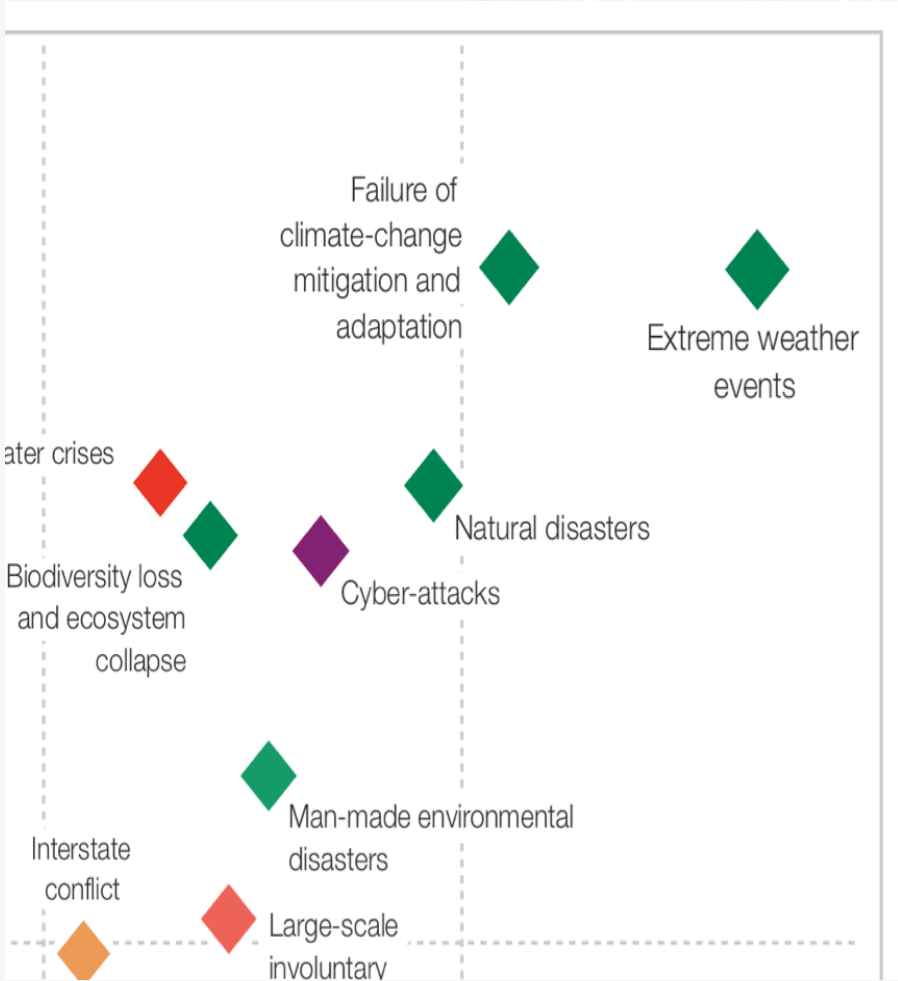
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# Risk Likelihood and Impact over a 10-Year Horizon



# Top Five Risks for Doing Business: Luxembourg

- 1 Cyber-attacks
- 2 Asset bubble
- 3 Data fraud or theft
- 4 Failure of regional and global governance
- 5 Failure of critical infrastructure / Failure of financial mechanism or institution



# The Evolution of the Top Risks

Top 5 Global Risks in Terms of Likelihood

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1st	Asset price collapse	Asset price collapse	Storms and cyclones	Severe income disparity	Severe income disparity	Income disparity	Interstate conflict with regional consequences	Large-scale involuntary migration	Extreme weather events	Extreme weather events	Extreme weather events
2nd	Slowing Chinese economy (<6%)	Slowing Chinese economy (<6%)	Flooding	Chronic fiscal imbalances	Chronic fiscal imbalances	Extreme weather events	Extreme weather events	Extreme weather events	Large-scale involuntary migration	Natural disasters	Failure of climate-change mitigation and adaptation
3rd	Chronic disease	Chronic disease	Corruption	Rising greenhouse gas emissions	Rising greenhouse gas emissions	Unemployment and underemployment	Failure of national governance	Failure of climate-change mitigation and adaptation	Major natural disasters	Cyber-attacks	Natural disasters
4th	Global governance gaps	Fiscal crises	Biodiversity loss	Cyber-attacks	Water supply crises	Climate change	State collapse or crisis	Interstate conflict with regional consequences	Large-scale terrorist attacks	Data fraud or theft	Data fraud or theft
5th	Retrenchment from globalization	Global governance gaps	Climate change	Water supply crises	Mismanagement of population	Cyber-attacks	High structural unemployment or underemployment	Major natural catastrophes	Massive incident of data fraud/theft	Failure of climate-change mitigation and adaptation	Cyber-attacks

Top 5 Global Risks in Terms of Impact

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1st	Asset price collapse	Asset price collapse	Fiscal crises	Major systemic financial failure	Major systemic financial failure	Fiscal crises	Water crises	Failure of climate-change mitigation and adaptation	Weapons of mass destruction	Weapons of mass destruction	Weapons of mass destruction
2nd	Retrenchment from globalization (developed)	Retrenchment from globalization (developed)	Climate change	Water supply crises	Water supply crises	Climate change	Rapid and massive spread of infectious diseases	Weapons of mass destruction	Extreme weather events	Extreme weather events	Failure of climate-change mitigation and adaptation
3rd	Oil and gas price spike	Oil price spikes	Geopolitical conflict	Food shortage crises	Chronic fiscal imbalances	Water crises	Weapons of mass destruction	Water crises	Water crises	Natural disasters	Extreme weather events
4th	Chronic disease	Chronic disease	Asset price collapse	Chronic fiscal imbalances	Diffusion of weapons of mass destruction	Unemployment and underemployment	Interstate conflict with regional consequences	Large-scale involuntary migration	Major natural disasters	Failure of climate-change mitigation and adaptation	Water crises
5th	Fiscal crises	Fiscal crises	Extreme energy price volatility	Extreme volatility in energy and agriculture prices	Failure of climate-change mitigation and adaptation	Critical information infrastructure breakdown	Failure of climate-change mitigation and adaptation	Severe energy price shock	Failure of climate-change mitigation and adaptation	Water crises	Natural disasters

■ Economic 
 ■ Environmental 
 ■ Geopolitical 
 ■ Societal 
 ■ Technological

# Risk Interconnections Over a 10-Year Horizon



Sociopolitical factors rise in prominence when respondents are asked about the way risks are interconnected

# Thematic Chapters

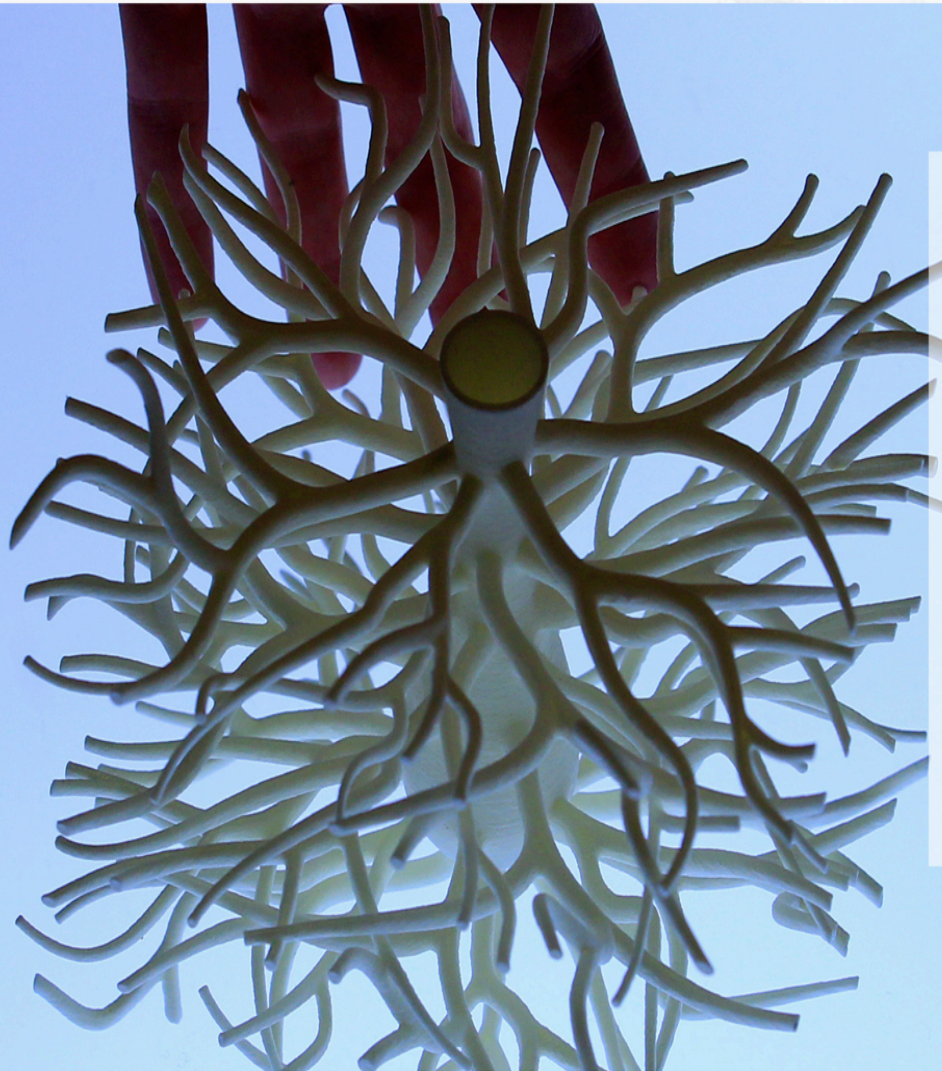


# Power and Values



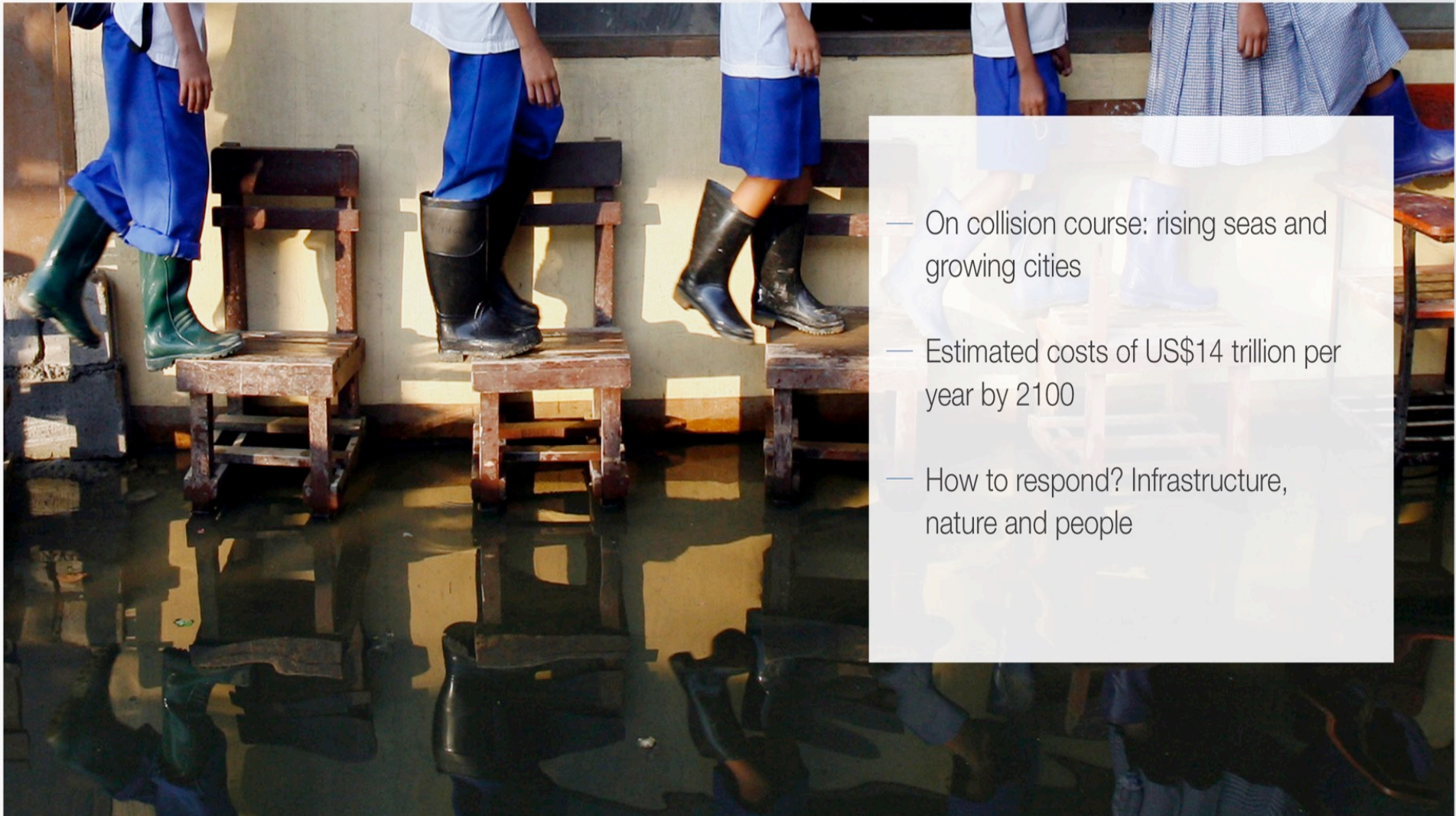
- Multilateralism under threat amid rising geopolitical tensions
- Divergent values are playing an increasingly important role
- Mounting threats to our capacity to align on shared global challenges

# Going Viral



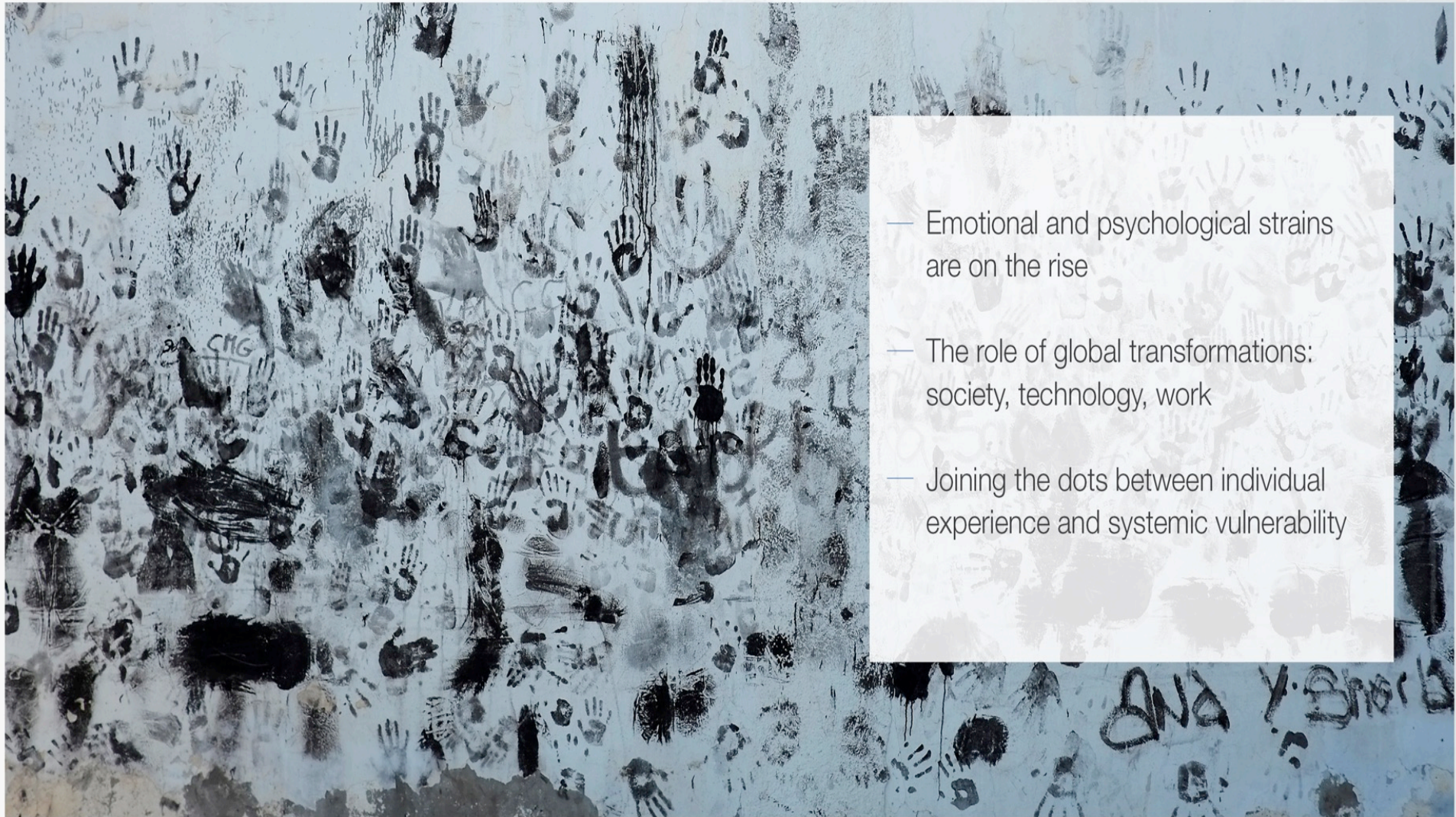
- Outbreaks of infectious diseases are increasing
- Synthetic biology is altering and amplifying the risks we face
- Global governance challenges are intensifying

# Fight or Flight



- On collision course: rising seas and growing cities
- Estimated costs of US\$14 trillion per year by 2100
- How to respond? Infrastructure, nature and people

# Heads and Hearts



- Emotional and psychological strains are on the rise
- The role of global transformations: society, technology, work
- Joining the dots between individual experience and systemic vulnerability

# Future Shocks

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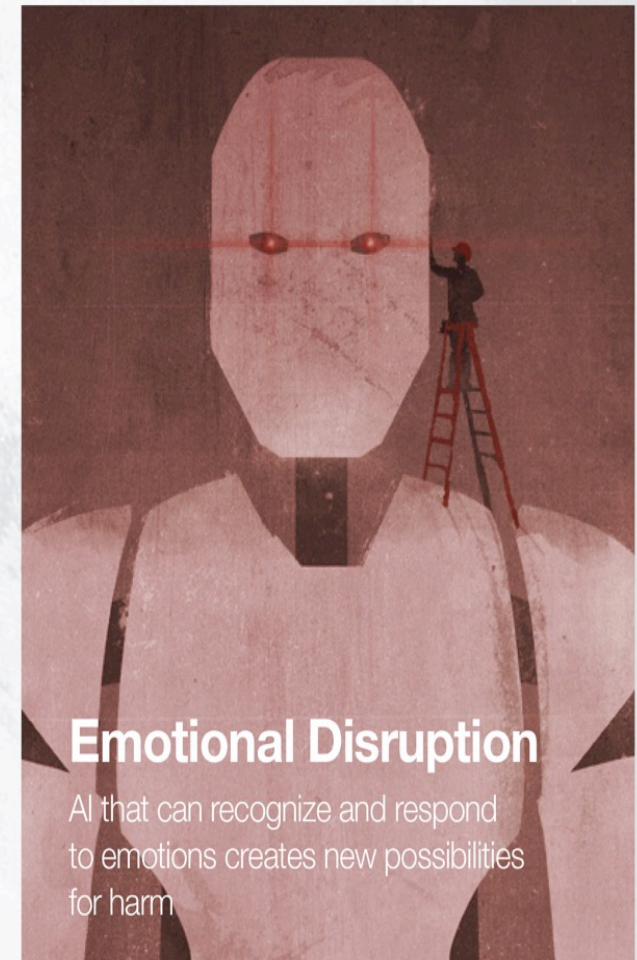
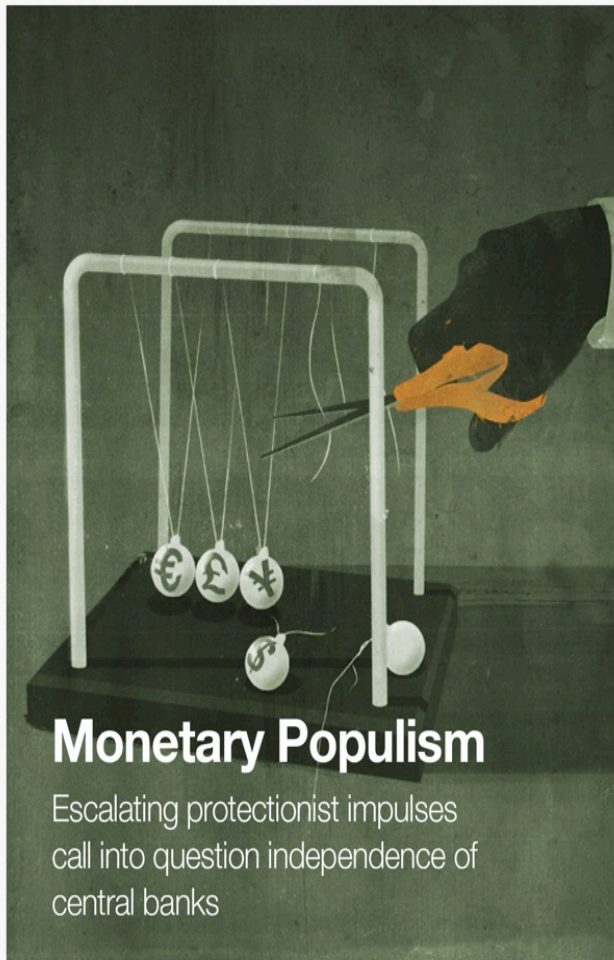
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As the world becomes more complex and interconnected, incremental change is giving way to the instability of feedback loops, threshold effects and cascading disruptions. Dramatic breakdowns—future shocks—become more likely.

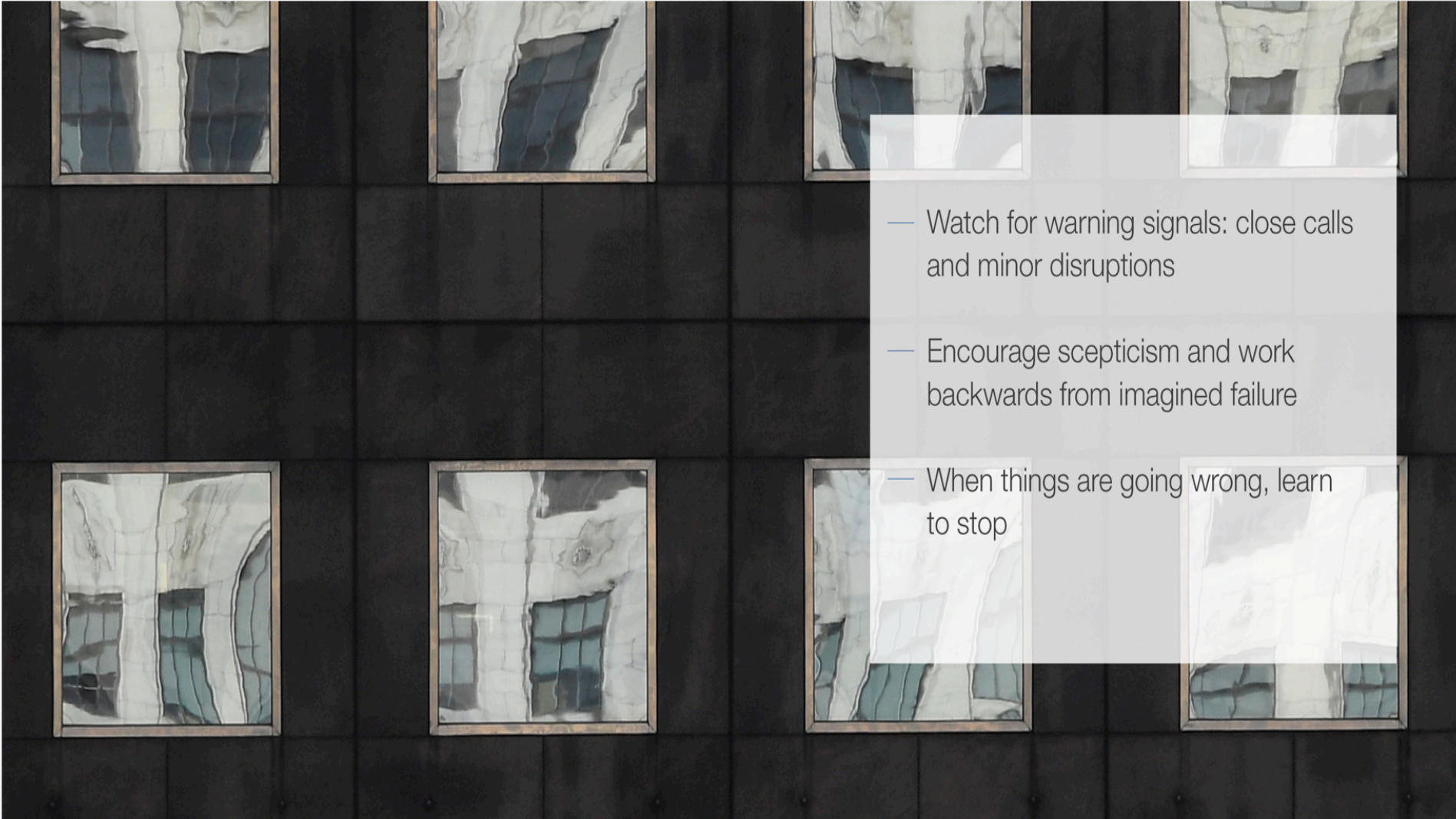
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# Future Shocks



# Preventing Meltdowns

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- Watch for warning signals: close calls and minor disruptions
  - Encourage scepticism and work backwards from imagined failure
  - When things are going wrong, learn to stop

# Out of Control?

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The idea of “taking back control” — whether domestically from political rivals or externally from multilateral or supranational organizations — resonates across many countries and many issues. The energy now being expended on consolidating or recovering national control risks weakening collective responses to emerging global challenges. We are drifting deeper into global problems from which we will struggle to extricate ourselves.

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